

EXECUTIVE SECRETARIAT ROUTING SLIP

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		ACTION	INFO	DATE	INITIAL
1	DCI		X		
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6	DDA				
7	DDO		X		
8	DDS&T				
9	Chm/NIC		X		
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL	X			
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	C/LA/DDO		X		
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SUSPENSE		1200, 21 Sep 84 Date			

Remarks Please prepare reply for DCI
Signature.



Executive Secretary

17 Sep 84 1740hrs
Date

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Nicaragua's rebels get private aid

By ALFONSO CHARDY
Herald Washington Bureau

WASHINGTON — Nicaraguan insurgents and their supporters have collected millions of dollars in cash and other aid from private sources in the United States, Reagan administration and congressional sources say.

Over the last six to eight months, groups and individuals have provided hundreds of thousands of dollars in cash as well as untold millions in military-related equipment, medical supplies and clothes, according to the sources, who have access to classified data.

Together with arms, ammunition and additional aid supplied by foreign sources — among them the governments of Israel, Argentina and Honduras — the U.S.-backed rebels are believed to have collected \$15 million to \$20 million this year and thus no longer desperately need CIA covert aid, the sources noted.

Congress has refused to approve President Reagan's supplemental \$21 million request for the rebels this fiscal year.

The deaths in Nicaragua Sept. 1

of two Americans from Alabama-based Civilian Military Assistance (CMA), one of the groups that has provided aid, have drawn attention to the private support organizations and individuals who are helping to fill the financial gap for the rebels.

Who are the rebels these Americans are supporting? Their movement dates to the seizure of power in Nicaragua in 1979 by the Marxist-oriented Sandinistas, who ousted President Anastasio Somoza in a bloody revolution. The Reagan administration, which took office in 1981, expressed fears that the new Managua government was taking the Central American country into the Soviet orbit — with Cuban help — and began encouraging opposition activities.

The Sandinistas dubbed their foes *contrarrevolucionarios* (counterrevolutionaries) and the term, shortened to "contras," has become a generic name for all the anti-Sandinista guerrillas.

They include not only the 12,000 to 15,000 members of the Honduras-based Nicaraguan Democratic Force (FDN) initially organized and funded by the CIA, but several thousand in Costa Rica as well, most of whom have been fighting under the banner of the Democratic Revolutionary Alliance, known by the Spanish acronym ARDE.

Now Reagan's opponents in Congress,

concerned about possible violations of the role the CIA may have played in encouraging private organizations and individuals in the United States to provide aid to the rebels. They also say that if the CIA or any other government agency or representative prompted the outside help, the action probably violated the intent of legislation that prohibits the administration from spending more than the \$24 million Congress authorized for this fiscal year.

The private aid is coming from a multitude of sources and includes funds not only for the contras but also money and other assistance for Nicaraguan refugees.

The following fund-raising groups have been identified by Congressional sources, the rebels, public pronouncements by the groups themselves and others familiar with the aid programs:

- **The CMA.** Headquartered in Huntsville, Ala., the organization has become a rebel source of military advice and supply. Tom Posey of Decatur, Ala., one of its leaders and organizers, said the group has collected \$10,000-\$15,000 in cash and nearly \$70,000 in clothes, food and medical equipment, all of it obtained from CMA members and private individuals.

- Besides "humanitarian" assistance, Posey said, CMA advisers have trained rebels this year in parachuting, perimeter defense and cleaning and use of weapons.

- **The Nicaraguan Patriotic Association.** Based in Houston and directly affiliated with the FDN guerrillas, it has collected \$500,000 in aid and helps provide daily food for seven Nicaraguan refugee camps in Honduras, according to FDN representative Juan Sacasa.

- **The Christian Broadcasting Network.** Sacasa said the Protestant evangelical organization with a nationwide cable television operation has collected about \$3 million for Nicaraguan refugees under an agreement with the Nicaraguan Patriotic Association.

- **Nicaraguan exiles and Cuban-Americans in Miami.** Cuban exile doctors led by Dr. Manuel Alzugaray, a Miami orthopedic surgeon, regularly travel to rebel camps in Central America. At one point, Alzugaray organized a charter flight from Miami for six tons of medical supplies.

- A rebel military commander who calls himself "Comandante Mack" said that during a visit to Miami in June he obtained five pairs of binoculars, 100 olive-green caps and a U.S. Army surplus mine detector, all donated by the Freedom Fighters, a Cuban exile group that supports the rebels.

- A month later, the FDN placed quarter-page ads in major American newspapers, including The Herald, asking that contributions be sent to the Human Development Foundation, Inc., a Panama-registered organization formed as a vehicle to channel the assistance. David Raskosky, a Miami businessman, helped coordinate the drive.

- **Soldier of Fortune magazine.** The Boulder, Colo., publication said that since last November its Central American Defense Fund has collected about \$2,400 in cash for the rebels.

Executive Editor Dale Dye said the

shipments aboard U.S. military aircraft bound for Central America.

He said 2,200 pounds of material sent by readers — responding to appeals published in the magazine — included 396 pairs of uniform trousers, 291 uniform shirts, 95 pairs of combat boots, 83 T-shirts (some bearing the Soldier of Fortune logo), 256 pairs of socks, 49 camouflage jackets and 110 pounds of weapons-cleaning gear.

- **The Veterans of Foreign Wars.** Only limited help has come from the 1.9 million member VFW. At its 1983 convention in New Orleans, the organization approved a resolution calling on its membership to help the insurgents.

Washington VFW spokesman Ronald Duchin said members to date had contributed \$2,039. He said the VFW turned the money over to the conservative Washington-based American Security Council which passed it on to the International Red Cross for distribution to the rebels.

- **The Shoebox for Liberty Project.** Louisiana state representative Louis "Woody" Jenkins runs the project. He says it has collected and sent to Nicaraguan refugees about 3,000 shoe boxes filled with such goods as beans, rice, toothpaste, soap, socks, fishing lines and candles. A Louisiana Air National Guard C-130 transport plane ferried one shipment but Jenkins said a question of legality had halted further shipments on military planes.

- **Wealthy individuals and companies.** Congressional sources said that wealthy individuals across the United States are believed to have contributed heavily to the insurgent cause, encouraged in part by rebel leaders touring the country. And rebel leaders themselves say unnamed American corporations are contributing to their cause.

FDN spokesman Bosco Matamoros said these tours, by several of the group's leaders including FDN chief Adolfo Calero, have met with a "favorable" response. "It has been so favorable," he added, "that we have been able to continue operating at the levels at which we were operating before, and with the independent aid we have expanded our force strength and area of operations."

Calero's brother Mario, the FDN representative in New Orleans, told reporters last week that several well-known U.S. corporations have contributed to the effort.

"We've been getting aid from private enterprise, private individuals, Latin countries and governments," said Calero. He would not name the American companies.

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that have contributed. "You can say you were told companies of great prestige in the United States have helped," he said.

- The rebels themselves. The Nicaraguan Democratic Force and the ARDE both have networks throughout the United States with representatives in Miami, Los Angeles, Houston, New York, New Orleans and other cities.

Matamoros confirmed that the FDN "currently receives no direct or indirect aid from the U.S. government," and suggested that the rebels had no regrets, because "we realize that we cannot depend on the good will of a single country for our efforts."

Rebel sources also say, however, that although private aid from the United States has been important, it has not matched the assistance being received from foreign sources. A senior FDN leader recently characterized U.S. donations as odds and ends that "are more trouble than they are worth" but, nevertheless, highly appreciated.

Congressional sources said the CIA advised congressional intelligence committees several weeks ago that the rebels were seeking aid outside the agency to compensate for the expected loss of covert U.S. government assistance. The sources said the House and Senate intelligence oversight committees have since been pressing the CIA for a full accounting of the rebels' alternate sources of supply.

So far, however, the CIA has declined to provide the information, maintaining that it now has little or no control over rebel activities: "They have told us that as long as we don't pay the contras, then we have no control over their actions," a congressional source said. "They cite this problem as a form of pressure on the Congress to resume covert aid to the contras so that we can regain control of their activities."

Despite the end of covert financing, the sources said, CIA officials in Honduras continue to meet with and advise the rebels. They said the CIA maintains that these activities do not violate the ban on additional aid since CIA salaries do not come from the \$24 million fund approved for the rebels this year.

Sen. Daniel Patrick Moynihan, D-N.Y., vice chairman of the Republican-controlled Senate Intelligence Committee, has asked the State Department to investigate possible violations of the Neutrality Act and has instructed the committee staff to determine whether the congressional ban on supplemental aid was broken.

The Justice Department and the FBI indicated they may be conducting similar neutrality law investigations, and the State Department said it asked the Customs Service to look into possible "willful violations" of arms export control laws by private groups helping the rebels.

However, administration officials observed that it is difficult to prove or prosecute neutrality law cases unless it is fully established that someone was smuggling weapons or conspiring to invade or overthrow a foreign government from U.S. soil.

The officials also noted that the Nicaraguan rebels are only one side of the insurgent aid coin, citing more than \$150,000 raised last year in the United States by so-called solidarity groups helping the leftist guerrillas in El Salvador.

Thus far, the administration maintains that the Nicaraguan rebels raised the outside aid totally on their own. Opposition sources, however, believe there are clear indications that the administration directly or indirectly encouraged and facilitated the supply of private aid.

Congressional sources said that in some cases the Central Intelligence Agency conveniently looked the other way when the U.S.-supported guerrillas sought assistance and that U.S. military aircraft secretly airlifted some of the private aid to the rebels.

CONT →

Who Has Helped the Contras

CIA

Cash value: \$62.5 million.

Type of aid: Believed to have provided unknown number of C-47 transport planes, helicopters and weapons, and to have spent "liberally" on the contras before Congress prohibited such spending last year.

ARGENTINA

Cash value: \$10 million.

Type of aid: Military equipment, primarily firearms and ammunition, transferred through the Honduran government.

ISRAEL

Cash value: \$4 million to \$5 million.

Type of aid: Unknown number of Soviet- and Chinese-made weapons believed captured in Lebanon from Palestinian guerrillas, plus cash payments that help contras meet \$800,000 monthly payroll.

HONDURAS

Cash value: Unknown.

Type of aid: Primarily cash infusions

the contras use to meet their payroll and purchase weapons abroad. Also may have provided help in transporting equipment to Nicaraguan border.

CIVILIAN MILITARY ASSISTANCE

Cash value: Approximately \$80,000.

Type of aid: \$10,000 to \$15,000 in cash and about \$70,000 in clothes, food and medical equipment.

SOLDIER OF FORTUNE MAGAZINE

Cash value: Unknown.

Type of aid: \$2,400 in cash and at least 2,200 pounds of uniforms, combat boots, weapons-cleaning gear and other supplies. Claims to have sent 20 tons of medical supplies worth \$4.2 million to Nicaraguan contras and Salvadoran armed forces, but could not provide breakdown of how much went to each.

VETERANS OF FOREIGN WARS

Cash value: \$2,039.

Type of aid: Money collected from members.

CUBAN AMERICANS IN MIAMI

Cash value: At least \$320,000.

Type of aid: Cuban exile doctors regularly travel to rebel camps to treat wounded contras and take medical supplies donated by Miami doctors and hospitals. Additionally, Brigade 2506 Bay of Pigs Veterans Association claims to have sent medical supplies and equipment worth \$200,000. Representatives of one rebel group say Cuban exiles gave his organization two used helicopters worth \$120,000.

NICARAGUAN EXILES

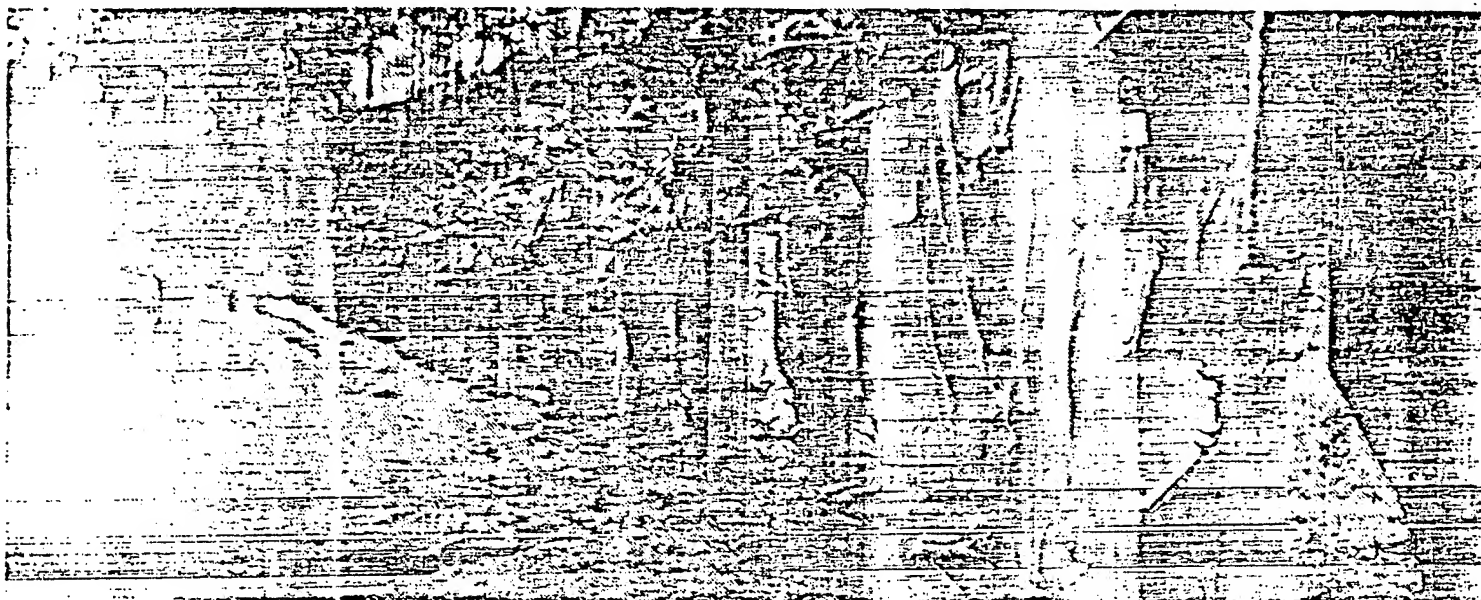
Cash value: \$500,000.

Type of aid: Clothes and cash donated to U.S. offices of Nicaraguan exile groups.

OTHER GROUPS

Cash value: At least \$3 million.

Type of aid: Christian Broadcasting Network, a Protestant evangelical organization with a nationwide cable television operation, has collected about \$3 million for Nicaraguan refugees. Additionally, "wealthy Americans" and corporations are believed to have made an unknown number of personal contributions.



MURRY SILL / Miami Herald Staff

Guerrillas of the Nicaraguan Democratic Force stand at ease in staging area in northern Nicaragua.

NICARAGUA REBELS REPORTED TO RAISE MILLIONS IN GIFTS

MONEY IS DONATED IN U.S.

Funds, Put at \$10 Million, Are
Also Said to Come From
Foreign Governments

By PHILIP TAUBMAN
Special to The New York Times

WASHINGTON, Sept. 8 — Nicaraguan rebels have raised more than \$10 million dollars in the last six months from private corporations and individuals in the United States and from foreign governments, including Israel, Argentina, Venezuela, Guatemala and Taiwan, according to Reagan Administration officials and rebel leaders.

Each of the foreign governments has denied any involvement with the rebels.

"We're raising more than \$1.5 million a month, much of it donated by private Americans and corporations, including some large, well-known companies," one rebel leader, Mario Calero Portocarrero, said in an interview this week. He and the other sources declined to identify any of the individuals or corporations.

Rebel Activities Continue

The money has enabled the main rebel group, the Nicaraguan Democratic Force, to continue its military activities despite reduced support from the Central Intelligence Agency, rebel leaders said.

In 1983, according to the State Department, Soviet bloc countries sent Nicaragua \$100 million in military assistance, most in the form of weapons, including tanks and anti-aircraft systems.

Nicaraguan rebel leaders said many private American supporters have expressed concern about Soviet and Cuban activities in Central America and have offered money to help offset outside support of the Sandinistas.

Advice From the C.I.A.

The money has been funneled to the rebels through a series of foundations and foreign-based corporations, some of which collect money for humanitarian aid to refugees, so that it cannot be traced back to the donors, the American officials and rebel leaders said.

Administration officials said the C.I.A. had advised the rebels about their fund-raising efforts but had not solicited funds for them in the United States or abroad and had not contrib-

Anti-Sandinistas Reported to Get More Than \$10 Million in Gifts

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uted any money itself beyond the amount authorized by Congress.

Last year Congress limited C.I.A. expenditures for the rebels to \$24 million in 1984 and prohibited any other direct or indirect support when that money ran out. Congress has refused to provide additional money requested by the Administration.

The House Select Committee on Intelligence, however, has indicated that it is not satisfied with agency assurances that it has remained within the spending limit and is investigating how the rebels have sustained their operations, lawmakers said. The rebels claim to have more than 10,000 men under arms in Nicaragua.

Committee members said contributions by private individuals and corporations in the United States may violate the Neutrality Act, which bars private support or participation in military expeditions against foreign governments that are at peace with the United States. Although relations between Washington and Managua have been strained, the two countries have continued to exchange ambassadors and are currently engaged in negotiations to resolve their differences.

Diversion of Money Barred

In addition, there is concern in Congress that money provided by other governments could have been drawn from United States foreign aid programs. The diversion of money or military equipment to a third country without the permission of the United States is prohibited by the Arms Export Control Act and the Foreign Assistance Act.

Administration officials said Israel and the other nations that have contributed money to the rebels have not diverted American assistance. Rather, they said, the countries have helped the rebels with their own money because they have a common interest in combating Communism and, in the case of Israel and Taiwan, hope to expand commercial markets for their products in Latin America.

Outside aid to the rebels became the focus of attention after two private American citizens were killed Sept. 1 when their helicopter was shot down in Nicaragua during a rebel air raid on a military training school in Santa Clara, near the Honduran border.

The two Americans, Dana H. Parker Jr., a police detective from Huntsville, Ala., and James Powell 3d, a part-time flying instructor from Memphis, were members of an Alabama-based veterans group called Civilian Military Assistance that has provided advice and military equipment to the Nicaraguan rebels and El Salvador's armed forces, according to group members and Administration officials.

Administration officials said on Fri-

day that four senior Cuban military advisers were killed during the air attack and that the training school served as a base for Cubans and Libyans. Nicaragua said the only people killed were three children and a school cook and that there were no Cubans or Libyans at the site.

The Administration has denied any connection with the air attack or involvement in the participation of the Americans, the first known American casualties in the three-year-old Nicaraguan conflict.

Mr. Calero and other rebel leaders said much of the private money raised in the United States has been channeled to the insurgents through the Human Development Foundation Inc. in Miami.

The foundation has solicited donations in recent months in newspaper advertisements around the country. An advertisement in The New York Times this summer said, "The Victims of Communist Dominated Nicaragua: Need Your Help." It appealed for contributions to aid "200,000 Nicaraguans" who "have fled their country to escape the ruthless Sandinista regime."

Rebel leaders said the foundation is actually a Panamanian corporation. The Miami address listed in the newspaper advertisements for the foundation is a mailbox at a downtown office building at 444 Brickell Avenue.

The foundation, according to the rebel leaders, was one of a number of such organizations established to allow individuals and private corporations to make donations to the rebels for refugee assistance. This system, which the leaders said was modeled on C.I.A. money-handling networks, was designed to protect donors from possible violations of the Neutrality Act.

They said that some of the money goes to aid refugees. "Many Nicaraguan refugees in Honduras are relatives of our fighters and by helping the families we help our cause," a rebel representative said.

There is another Human Development Foundation in Florida, based in West Palm Beach. Its executive director, the Rev. William H. Kelley Jr., said it was a nonprofit, charitable organization that has been in existence since 1971 and is registered with state and Federal authorities. "They probably used our name to give themselves legitimacy," he said.

Rebel leaders said contributions from foreign governments had been sought since their operations began in 1981. Before the United States became involved in aiding the rebels, Argentina, and to a lesser extent Venezuela, were the main contributors, according to Administration officials.

Israel, they said, became involved last year when it made large contributions of Soviet weapons seized from the Palestine Liberation Organization during the 1982 Israeli invasion of Lebanon.

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